



# SOUTHERN MAGNESIUM AND CHEMICALS LIMITED

Deccan Chambers, 5th Floor, 6-3-666/B, Somajiguda, Hyderabad-500 082.  
Phones : 23311789, 23312341, Fax : 040 - 23319871 E-mail : southernmagnesium@gmail.com

SMCL/BSE/2014-15/52

30<sup>th</sup> September, 2014

Bombay Stock Exchange Limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai- 400001

Dear Sir/Madam,

To day i.e.30.09.2014 we have conducted 28<sup>th</sup> Annual General Meeting at 11.30 A.M. Hotel I. K. London Residency, 6-3-656, Kapadia Lane, Somajiguda, Hyderabad – 500 082 and passed the following Resolutions.

## ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2014, the Profit & Loss Account and Cash Flow Statement for the year ended on that date together with the Schedules and Notes attached thereto, along with the Reports of Auditors and Directors thereon.
2. To appoint statutory Auditors

“RESOLVED that pursuant to the provisions of section 139 and other applicable provisions, if any, of the Companies Act, 2013, consent of the members of the company be and is hereby accorded to appoint M/s. K. S. Rao & Co., Chartered Accountants (Firm Registration No. 003109S) as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting to the conclusion of the fifth consecutive Annual General Meeting (subject to ratification of the appointment by the Members at every Annual General Meeting held after this Annual General Meeting) on such remuneration and out of pocket expenses as may be decide by the Board in consultation with the Audit Committee from time to time”.

## SPECIAL BUSINESS:

3. “Resolved that subject to the provisions of sections 149, 150 and 152 of Companies Act, 2013 and other applicable provisions, if any of the Act and Rules made there under consent of the members be and is hereby accorded to appoint Mr. Surya Sessa Prakash Valluru (DIN: 02661625) as Independent Director of the Company for a period of five consecutive years from 13.08.2014 and shall not be subject to retirement by rotation.”



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4. "Resolved that subject to the provisions of sections 149, 150 and 152 of Companies Act, 2013 and other applicable provisions, if any of the Act and Rules made there under consent of the members be and is hereby accorded to appoint Mr. Eshwariah Kaparthi (DIN: 02728256) as Independent Director of the Company for a period of five consecutive years from 13.08.2014 and shall not be subject to retirement by rotation."
5. "Resolved that subject to the provisions of sections 149, 150, 152 and 161 of Companies Act, 2013 and other applicable provisions, if any of the Act and Rules made there Mr.G.Raghavendra Rao (DIN:00470659) who was appointed as Additional Director on 13.08.2014 and holds office upto the date of this Annual General Meeting of the Company, be and is hereby appointed as a Director of the Company for a period of five consecutive years from 13.08.2014 and shall not be subject to retirement by rotation."
6. "**RESOLVED THAT** pursuant to the provisions of Section 196, 197, 203 and Schedule V along with other applicable provisions, if any, of the Companies Act, 2013, read with relevant rules made there under and pursuant to the recommendations received from nomination and remuneration committee consent of the members be and is hereby accorded to appoint Mr. N.Ravi Prasad (DIN: 00319537) as the Managing Director and Chief Executive officer of the Company with immediate effect for the remaining period in terms of his appointment made on the Board meeting held on 13.11.2013."

"**RESOLVED THAT** Mr. Ravi Prasad Nuthakki, shall be entitled to remuneration of Rs.60,000/- per month.

### Perquisites:

- i) Housing I :The expenditure incurred by the company on hiring unfurnished accommodation for the Managing Director will be subject to a ceiling of sixty percent of the salary, over and above ten percent payable by the Managing Director.

Housing II : If accommodation in the company owned house is provided, ten percent of salary of the Managing Director shall be deducted by the company.

Housing III : If the company does not provide accommodation, the Managing Director shall be entitled to House rent allowance subject to the ceiling laid down in Housing I.

Explanation: The expenditure incurred by the Company on gas, electricity, water and furnishing shall be valued as per the Income Tax Rules, 1962. This shall, however, be subject to a ceiling of ten percent of the salary of the Managing Director.

- ii) The Company shall pay as per the Company's Policy, the Medical Expenses including such expenses as shall relate to the surgical, optical and dental treatment incurred by Mr.N.Ravi Prasad for himself and his family.



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- iii) Leave Travel Concession for self and family once in a year incurred in accordance with the rules of the Company.
- iv) Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
- v) The Company shall pay the annual premium towards personal accident insurance as per the Rules of the Company.
- vi) Mr.N.Ravi Prasad and family shall be covered under the Mediciam Insurance Schemes as per the rules of the Company.
- vii) Encashment of leave on full pay and allowances as per the rules of the company but not exceeding one month's leave for every twelve months of service.
- viii) Such other benefits in accordance with the schemes and rules applicable to the members of the company from time to time.

For the purpose of calculating the above ceilings, perquisites shall be evaluated as per Income Tax Rules, wherever applicable. In the absence of such Rules, perquisites shall be evaluated at actual costs. The Company will pay tax on non monetary perquisites to the appointee as per the amended section 10CC of the Income Tax Act, 1961.

The following shall not be included for the purposes of computation for the Wholetime Managing Director's remuneration or perquisites as aforesaid:

- i) The Company's contribution to Provident Fund and Superannuation or Annuity Fund, to the extent these either singly or together are not taxable under the Income Tax Act.
- ii) Gratuity payable to the Wholetime Managing Director at the rate of half month's salary for each completed year of service.
- iii) Encashment of leave at the end of tenure.
- iv) Chauffeur driven company maintained car for use on Company's business and telephones facility at the residence of Wholetime Managing Director and reimbursement of expenses including entertainment expenses will not be considered as perquisites.



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**Minimum Remuneration :** In the event of losses or inadequacy of profits during the above period, the Managing Director is entitled to a minimum salary and perquisites as provided in Schedule V and other applicable provisions to the Companies Act 2013".

The Managing Director shall be entitled to the reimbursement of expenses actually and properly incurred by him for the business of the Company.

Mr.N.Ravi Prasad satisfy all the conditions mentioned in Part I of Schedule V to the Act and also satisfy conditions mentioned under section 196 (3) of the Companies Act, 2013. He is not disqualified from being appointed as Managing Director under section 164 of the Companies Act, 2013. The whole time Managing Director shall act in accordance with the Articles of Association of the Company and shall abide by the provisions of section 166 of the Companies Act, 2013 with regard to duties of Directors.

The particulars set out above, may be treated as an abstract of the terms of contract for the remuneration/re appointment of Mr.N.Ravi Prasad as Wholetime Managing Director of the Company, which is required to be given to every member under the provisions of the Companies Act, 2013.

The draft of the Agreement referred to above is open for inspection by the Members at the Registered Office of the Company between 10.00 a.m. to 12.00 noon on any working day upto the date of the Annual General Meeting.

The Board recommends the Resolution for your approval.

**"RESOLVED FURTHER THAT** Mr. N.Rajender Prasad, Joint Managing Director (DIN: 00145659) of the Company, be and is hereby authorized to do all acts, deeds, and things as may be necessary to give effect to the above resolution."

**7. To re-designate Mr. Rajender Prasad as Joint Managing Director and Chief Financial officer of the Company and to enhance his remuneration**

**"RESOLVED THAT** pursuant to the provisions of Section 196, 197, 203 and Schedule V along with other applicable provisions, if any, of the Companies Act, 2013, read with relevant rules made thereunder and pursuant to the recommendations received from nomination and remuneration committee and consent of the members be and is hereby accorded to appoint Mr. N.Rajender Prasad (DIN: 00145659) as the Joint Managing Director and Chief Finance officer of the Company with immediate effect for the remaining period in terms of his appointment made on the Board meeting held on 10.08.2011.

**"RESOLVED THAT** Mr. Rajender Prasad Nuthakki, shall be entitled to remuneration of Rs.60,000/- per month.



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## Perquisites:

- i) **Housing I :** The expenditure incurred by the company on hiring unfurnished accommodation for the Joint Managing Director will be subject to a ceiling of sixty percent of the salary, over and above ten percent payable by the Joint Managing Director.  
  
**Housing II :** If accommodation in the company owned house is provided, ten percent of salary of the Joint Managing Director shall be deducted by the company.  
  
**Housing III :** If the company does not provide accommodation, the Joint Managing Director shall be entitled to House rent allowance subject to the ceiling laid down in Housing I.  
  
**Explanation:** The expenditure incurred by the Company on gas, electricity, water and furnishing shall be valued as per the Income Tax Rules, 1962. This shall, however, be subject to a ceiling of ten percent of the salary of the Joint Managing Director.
- ii) The Company shall pay as per the Company's Policy, the Medical Expenses including such expenses as shall relate to the surgical, optical and dental treatment incurred by Mr.N.Rajender Prasad for himself and his family.
- iii) Leave Travel Concession for self and family once in a year incurred in accordance with the rules of the Company.
- iv) Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
- v) The Company shall pay the annual premium towards personal accident insurance as per the Rules of the Company.
- vi) Mr.N.Rajender Prasad and family shall be covered under the Mediclaim Insurance Schemes as per the rules of the Company.
- vii) Encashment of leave on full pay and allowances as per the rules of the company but not exceeding one month's leave for every twelve months of service.
- viii) Such other benefits in accordance with the schemes and rules applicable to the members of the company from time to time.



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The following shall not be included for the purposes of computation for the Wholetime Joint Managing Director's remuneration or perquisites as aforesaid:

- i) The Company's contribution to Provident Fund and Superannuation or Annuity Fund, to the extent these either singly or together are not taxable under the Income Tax Act.
- ii) Gratuity payable to the Wholetime Joint Managing Director at the rate of half month's salary for each completed year of service.
- iii) Encashment of leave at the end of tenure.
- iv) Chauffeur driven company maintained car for use on Company's business and telephones facility at the residence of Wholetime Joint Managing Director and reimbursement of expenses including entertainment expenses will not be considered as perquisites.

**Minimum Remuneration :** In the event of losses or inadequacy of profits during the above period, the Joint Managing Director is entitled to a minimum salary and perquisites as provided in Schedule V and other applicable provisions to the Companies Act 2013".

The Joint Managing Director shall be entitled to the reimbursement of expenses actually and properly incurred by his for the business of the Company.

Mr.N.Rajender Prasad satisfy all the conditions mentioned in Part I of Schedule V to the Act and also satisfy conditions mentioned under section 196 (3) of the Companies Act, 2013. He is not disqualified from being appointed as Joint Managing Director under section 164 of the Companies Act, 2013. The whole time Joint Managing Director shall act in accordance with the Articles of Association of the Company and shall abide by the provisions of section 166 of the Companies Act, 2013 with regard to duties of Directors.

The particulars set out above, may be treated as an abstract of the terms of contract for the remuneration/re appointment of Mr.N.Rajender Prasad as Wholetime Joint Managing Director of the Company, which is required to be given to every member under the provisions of the Companies Act, 2013.



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The draft of the Agreement referred to above is open for inspection by the Members at the Registered Office of the Company between 10.00 a.m. to 12.00 noon on any working day upto the date of the Annual General Meeting.

The Board recommends the Resolution for your approval.

**"RESOLVED FURTHER THAT** Mr. N.Ravi Prasad, Managing Director (DIN: 00319537) of the Company, be and is hereby authorized to do all acts, deeds, and things as may be necessary to give effect to the above resolution."

### 8. To ratify remuneration of Cost Auditors

"RESOLVED that pursuant to the provisions of section 148 of the Companies Act, 2013 and the relevant rules made thereunder the remuneration of Rs. 20,000/- of cost auditors plus reimbursement for travelling and out of pocket expenses as approved by the Board of the Company to be paid to M/s.K.K.Rao Associates, Cost Accountants, Hyderabad to conduct the audit of the cost records of the company for the financial year ending 31.03.2015 be and is hereby ratified and confirmed."

"RESOLVED FURTHER THAT the Board of Directors of the company be and are hereby authorised to do all such acts and deeds as may be required to give effect to the above resolution."

Based on the consolidated Report of the Scrutinizer all the Resolutions as set out in the Notice of 28<sup>th</sup> Annual General Meeting have been duly approved by the Shareholders with requisite majority.

This is for your information and record.

Thanking You,

Yours faithfully,  
Southern Magnesium and Chemicals Limited

Authorised Signatory.